



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
 OIL CONSERVATION DIVISION

TONY ANAYA
 GOVERNOR

May 16, 1986

POST OFFICE BOX 2088
 STATE LAND OFFICE BUILDING
 SANTA FE, NEW MEXICO 87501
 (505) 827-5800

Mr. Robert G. Stovall
 Landman
 Dugan Production Corp.
 P. O. Box 208
 Farmington, New Mexico 87499-0208

Re: CASE NO. 8879
 ORDER NO. R-8234

Applicant:
Dugan Production Corporation

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

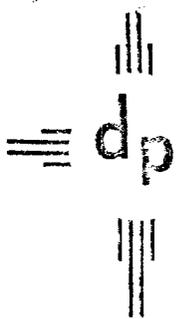
R. L. STAMETS
 Director

RLS/fd

Copy of order also sent to:

Hobbs OCD x
 Artesia OCD x
 Aztec OCD x

Other _____



dugan production corp.

MAY 9 1986
SANTA FE

May 7, 1986

Mr. Jeff Taylor
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

RE: Divide #3 Well

Dear Jeff:

Enclosed please find copies of letters dated April 29, 1986 and March 11, 1986 showing the Waiver from Mallon Oil Company. These are being forwarded for your files.

If you have questions concerning the enclosed, please advise.

Sincerely,

Robert G. Stovall
jfr

Robert G. Stovall
Landman

RGS:jfr

Enclosures

MALLON OIL COMPANY

2850 Security Life Building, Denver, Colorado 80202
(303) 572-1511

April 29, 1986

State of New Mexico
Oil Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico 87410

Attn: Mr. Frank Chavez

Re: Application for Administration
Approval of Unorthodox Location
for Dugan Production Corp.
Divide #3, 1780' FSL & 2120' FWL
Sec. 35, T26N, R2W, NMPM
Rio Arriba County, NM-Mancos Test

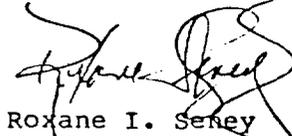
Dear Mr. Chavez:

Enclosed please find an executed copy of Mallon Oil Company's waiver for the unorthodox location for the above captioned well.

If you should have any questions, please advise.

Sincerely,

MALLON OIL COMPANY



Roxane I. Senev
Production Assistant

RIS:ef
Enclosure

cc: Dugan Production Corp.
709 Bloomfield Road
P.O. Box 208
Farmington, NM 87499-0208

dugan production corp.

March 11, 1986

Frank Chavez
New Mexico Oil Conservation Division
1000 Rio Brazos Rd.
Aztec, NM 87410

Re: Application for Administrative Approval of
Unorthodox Location for Dugan Production Corp.
(Divide #3, 1780' FSL & 2120' FWL, Sec. 35, T26N, R2W, NMPM
Rio Arriba County, NM - Mancos Test

Dear Mr. Chavez:

We hereby request approval of an unorthodox location for the subject well. Copies of the well location plat, topographic map, a map showing offsetting operators and a production map are attached for your reference.

The unorthodox location is necessary due to topographic conditions (steep sandstone bluffs with narrow dendritic drainage) and the existence of a Ciniza Oil pipeline.

A copy of this application is being submitted to all offsetting operators by certified mail with a request that they furnish your office with a waiver of objection.

We request your approval of this location under the provisions of NMOCD Rule 104-F.

Sincerely,



Sherman E. Dugan
Geologist

**SIGN & RETURN
THIS COPY
to Dugan Production**

cg
cc: El Paso Natural Gas Co.
Margaret Hill
Alinda Hunt Hill Trust
David Schaffnit

Bureau of Land Management
Michael W. Murphy
Mallon Oil
Amoco Production

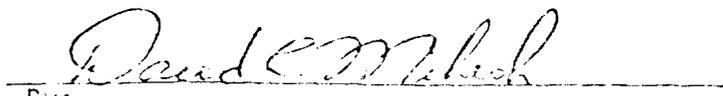
WAIVER

Mallon Oil Company
unorthodox location.

hereby waives objection to the above application for

4-29-86

Date



By: David L. Mikesch, Executive Vice-President



dugan production corp.

April 23, 1986

Mr. David R. Catanach
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

RE: Dugan Production Divide #3 Well
Unorthodox Location Application
Township 26 North, Range 2 West
Section 35: NW/4 SW/4

Dear David:

Enclosed please find a letter which we received from A. G. Hill, Oil Producer, regarding the above.

As I read the letter, it does not appear to be an objection, but rather an unwillingness to grant a waiver in consent to the unorthodox location. Inasmuch as the statewide rules require that they give notice of objection, it is my opinion that this letter does not constitute an objection, and, therefore, the unorthodox location application could be granted administratively.

We had previously received an objection from Mallon Oil Company, but we have reviewed the matter with them and they will be withdrawing their objection to the unorthodox location.

If, after reviewing this information, you agree that the application may be granted administratively, we would appreciate receiving the approval in the very near future. We would also ask at that time that the case 8279, which we have requested be continued until the May 14 hearing, be dismissed upon your issuing the order.

I appreciate your attention to this.

Sincerely,

Robert G. Stovall
Landman

Enclosure

cc: Jeff Taylor

A. G. HILL
OIL PRODUCER
THANKSGIVING TOWER
DALLAS, TEXAS 75201

923-1000

April 18, 1986

Dugan Production Corporation
709 Bloomfield Road
Post Office Box 208
Farmington, New Mexico 87499-0208

Attn: Mr. Sherman E. Dugan, Geologist

RE: NM-04077, -04077A; AGH #18868-2
T25N - R2W, N.M.P.M.
SECTION 3: LOT 2, SW/4 NE/4,
NW/4 SE/4, SW/4 SE/4
RIO ARRIBA COUNTY, NEW MEXICO



Dear Mr. Dugan,

Concerning your letters of March 11, 1986, Margaret Hill and Alinda Hunt Hill Trust will be unable to grant a waiver of objection to your unorthodox location in the NW/4 SW/4 of Section 35, T26N-R2W.

We currently have a deal working with our captioned acreage that prevents us from satisfying your request at this time.

Very truly yours,

Philip Garner

Philip Garner, Landman

PG/hl

cc: Virgil St. Clair
Gregg Ewing
Work file